

as a result.

The P.R.C. Agriculture Department reports that almost 130 million metric tons of food are wasted every year in China: 40 million metric tons between the harvest and primary processing, and another 25 million metric tons during transport.

### An irrational system

The real problem of the Chinese economy is the incompetence of those running it. As Jin Lizuo, a member of the State Commission for Restructuring the Economy, wrote in an article in *Britain-China* in 1989, China's problem is "resource dislocation" and an "irrational" investment pattern which is worsening rapidly. Energy consumption per \$1 GNP in China is *three times* that of the advanced industrial nations. Investment in agriculture fell sharply in the past decade: from a high of 11.1% of total capital construction investment in 1979, it fell steadily to 3.3% in 1987. Farmers' own investment was primarily in building new housing, Jin wrote, because houses as private property have never been touched since the P.R.C. was established, but land is only leased from the state, and no personal investment is secure from appropriation.

Investment in transportation and communication are only comparable to figures in the United States from a century ago, yet investment in these sectors has remained constant at about 15% of total capital construction investment over the past decade, Jin wrote.

China's communist leaders have one solution for their problems: robbing the workforce blind. Farmers in Jiangsu province, on the coast north of Shanghai are being taxed out of all their yearly profits when they sell their grain to the state, *Inside China Mainland* reported in November. The Money Collection Division has set up shop right at the buying stations, and in many cases farmers had to turn over their entire earnings to pay the tax.

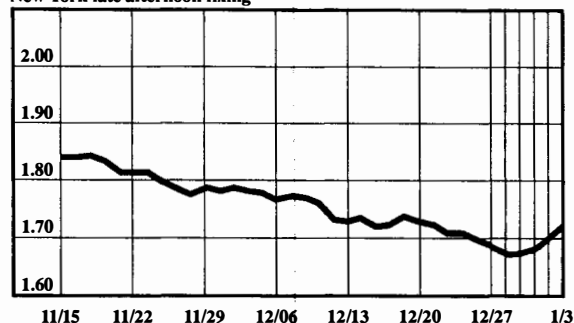
Rural revolts may also be building: In September, one official was killed in the relatively well-to-do province of Zhejiang, and about 200 land inspectors have been injured in the past months, mostly in disputes about peasants illegally farming state land.

On Nov. 18, the *China Daily* reported for the first time that workers were "contributing" up to 30% of their pay to buy government bonds, and that the practice of taking the money for the bonds from workers' pay may have "caused resentment." State-owned companies began stealing wages from workers' pay envelopes to pay for both state bonds and public debt bonds months ago. The state issued 12 billion yuan in bonds in June, and gave workers until the end of the year to buy them. The bonds pay 20% interest—the equivalent of China's official inflation rate. Already there is a black market in treasury bonds in over 100 cities, as the Chinese speculate that the state will be short of cash for many years to come.

## Currency Rates

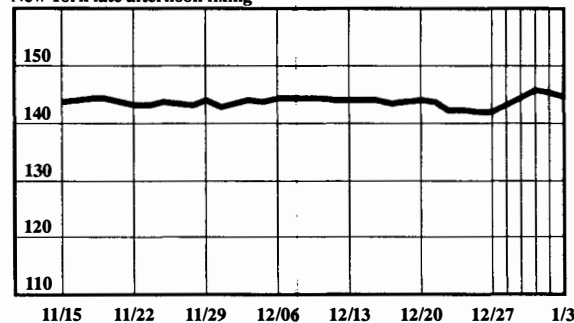
### The dollar in deutschemarks

New York late afternoon fixing



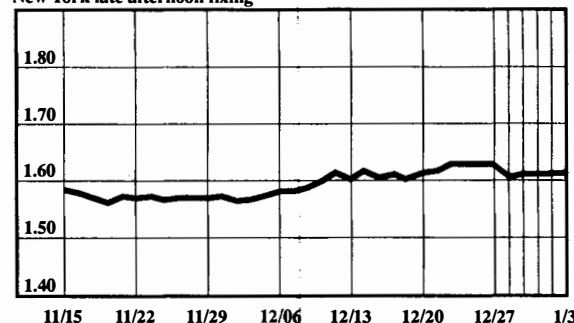
### The dollar in yen

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing

